

**Senate Bill No. 997**

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Passed the Senate August 11, 2014

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*Secretary of the Senate*

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Passed the Assembly August 7, 2014

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2014, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Section 18724 of, and to add and repeal Article 3.5 (commencing with Section 18725) of Chapter 3 of Part 10.2 of Division 2 of, the Revenue and Taxation Code, relating to taxation.

## LEGISLATIVE COUNSEL'S DIGEST

SB 997, Morrell. Voluntary contributions: California Fund for Senior Citizens.

Under the Personal Income Tax Law, taxpayers are allowed to contribute amounts in excess of their tax liability for the support of the California Fund for Senior Citizens until the year in which the minimum contribution is not received, or January 1, 2020, whichever occurs first.

This bill would repeal these provisions and would instead allow a taxpayer, for taxable years beginning on or after January 1, 2014, to designate an amount in excess of tax liability to be deposited to the California Senior Legislature Fund, which the bill would create. This bill would require moneys transferred to the California Senior Legislature Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board and Controller, as provided, and to the California Senior Legislature for the purpose of funding the activities of the California Senior Legislature, as provided.

This bill would repeal these voluntary contribution provisions by a specified date or, if contributions made on returns would be less than a specified amount, by an earlier date as provided.

*The people of the State of California do enact as follows:*

SECTION 1. Section 18724 of the Revenue and Taxation Code is amended to read:

18724. (a) This article shall remain in effect only for taxable years beginning before January 1, 2014, and as of December 1, 2014, is repealed.

(b) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall

continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 2. Article 3.5 (commencing with Section 18725) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 3.5. California Senior Legislature Fund

18725. (a) For taxable years beginning on or after January 1, 2014, any individual may designate on the tax return that a contribution in excess of the tax liability, if any, be made to the California Senior Legislature Fund established by Section 18726 to be used to conduct the sessions of the California Senior Legislature and to support its ongoing activities on behalf of older persons.

(b) The contribution shall be in full dollar amounts and may be made individually by each signatory on the joint return.

(c) A designation under subdivision (a) shall be made for any taxable year on the initial return for that taxable year, and once made shall be irrevocable. If payments and credits reported on the return, together with any other credits associated with the individual's account, do not exceed the individual's tax liability, the return shall be treated as though no designation has been made.

(d) If an individual designates a contribution to more than one account or fund listed on the tax return, and the amount available is insufficient to satisfy the total amount designated, the contribution shall be allocated among the designees on a pro rata basis.

(e) The Franchise Tax Board shall revise the form of the return to include a space labeled "California Senior Legislature Fund" to allow for the designation permitted under subdivision (a). The form shall also include in the instructions information that the contribution may be in the amount of one dollar (\$1) or more and that the contribution shall be used to conduct the sessions of the California Senior Legislature and to support its ongoing activities on behalf of older persons.

(f) A deduction shall be allowed under Article 6 (commencing with Section 17201) of Chapter 3 of Part 10 for any contribution made pursuant to subdivision (a).

18726. There is hereby established in the State Treasury the California Senior Legislature Fund to receive contributions made pursuant to Section 18725. The Franchise Tax Board shall notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money that taxpayers have designated pursuant to Section 18725 to be transferred to the California Senior Legislature Fund. The Controller shall transfer from the Personal Income Tax Fund to the California Senior Legislature Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18725 for payment into that fund.

18728. (a) All moneys transferred to the California Senior Legislature Fund pursuant to Section 18726, upon appropriation by the Legislature, shall be allocated as follows:

(1) To the Franchise Tax Board and the Controller for reimbursement of all costs incurred by the Franchise Tax Board and the Controller in connection with their duties under this article.

(2) The balance to the California Senior Legislature, for its ongoing activities on behalf of older persons.

(b) All moneys allocated pursuant to paragraph (2) of subdivision (a) may be carried over from the year in which they were received and encumbered in any following year.

(c) The funds allocated to the California Senior Legislature for the purpose of funding the activities of the California Senior Legislature shall be spent pursuant to the purview of the Joint Rules Committee of the California Senior Legislature in a manner consistent with the bylaws of the California Senior Legislature, established through a majority vote of the California Senior Legislature.

18729. (a) Except as otherwise provided in subdivision (b), this article shall remain in effect only for taxable years beginning before January 1, 2019, and as of December 1, 2019, is repealed.

(b) (1) By September 1, 2015, and by September 1 of each subsequent calendar year that the California Senior Legislature Fund appears on the tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the California Senior Legislature of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of the contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this article shall be inoperative with respect to taxable years beginning on or after January 1 of that calendar year and shall be repealed on December 1 of that year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars (\$250,000) for the second calendar year after the first appearance of the California Senior Legislature Fund on the personal income tax return or the minimum contribution amount as adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with the third calendar year after the first appearance of the California Senior Legislature Fund on the personal income tax return, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum estimated contribution amount for the calendar year shall be an amount equal to the product of the minimum estimated contribution amount for the calendar year multiplied by the inflation factor adjustment as specified in subparagraph (A) of paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index for all items received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.



Approved \_\_\_\_\_, 2014

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*Governor*